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RICHARD A ALLEN

November 12, 2008

Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E St., S.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

NOV 12 2008

Part of
Public Record

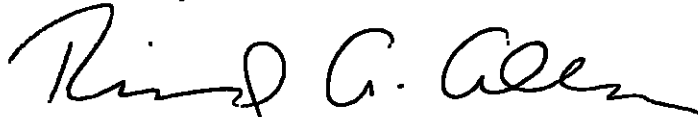
**Re: STB Finance Docket No. 35147, Norfolk Southern Railway Company,
Pan Am Railways, Inc. *et al.* – Joint Control and Operating/Pooling
Agreements–Pan Am Southern LLC**

Dear Secretary Quinlan

As I reported on October 20, 2008, Applicants in the above-captioned proceeding have reached an agreement with the Executive Office of Transportation of the Commonwealth of Massachusetts ("EOT") and the Massachusetts Bay Transportation Authority ("MBTA") resolving various issues. EOT has authorized me to file for the Board's information the enclosed press release it issued on October 30, 2008 describing that agreement.

I certify that I have this day served a copy of this letter and the enclosure by first class mail, postage prepaid, on all parties of record in this proceeding.

Sincerely,

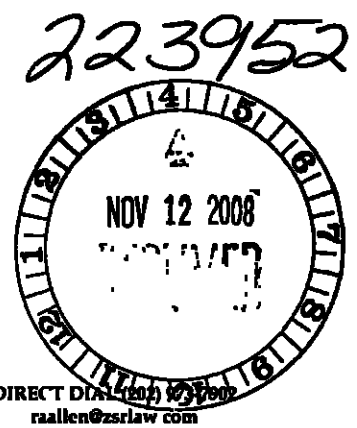


Richard A. Allen

Attorney for Norfolk Southern
Railway Company

Encl

cc (w/encl) All Parties of Record





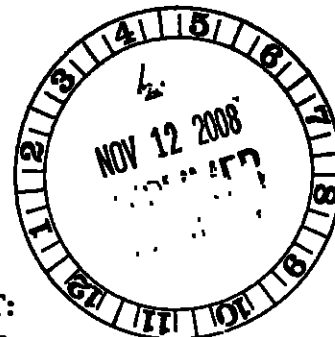
DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

BERNARD COHEN
SECRETARY

**THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF TRANSPORTATION**

EOT



FOR IMMEDIATE RELEASE

October 30, 2008

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**Executive Office of Transportation Supports Pan Am Southern Rail
Joint Venture**

Agreement to Improve, Expand Freight Operations across the Commonwealth

The Executive Office of Transportation (EOT) has reached agreement with two freight railroads concerning their intention, currently under regulatory review at the U.S. Surface Transportation Board, to form a joint venture called Pan Am Southern, which will conduct freight rail operations and invest in rail infrastructure across parts of Massachusetts and two other states. The joint venture involving Pan Am Railways and Norfolk Southern Railway Company will significantly enhance rail competition in New England.

"This agreement, reached following extensive negotiations and careful review, represents not only a significant investment in Commonwealth rail infrastructure but also includes favorable terms that preserve our commitment to commuter rail, and maintain the existing agreements between the private rail interests and the MBTA," said Transportation Secretary Bernard Cohen. Cohen noted that this agreement "establishes a fair and balanced approach ensuring that passenger and freight railroads can share the rail in a harmonious and mutually beneficial manner."

"The Pan Am Southern joint venture marks a new era of freight railroading in Massachusetts and New England," said David Fink, president of Pan Am Railways. "We are grateful for the support and leadership of Secretary Cohen and the staff at EOT."

"This agreement, in addition to the remarkable levels of support and cooperation that we have received throughout New England, continues to punctuate the importance of the Pan Am Southern joint venture to shippers and other transportation and economic development stakeholders in New England," said Mike McClellan, Norfolk Southern's vice president, Intermodal & Automotive Marketing.

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The Pan Am Southern joint venture includes Pan Am Railway's 155 miles of mainline track between Ayer, Massachusetts and Mechanicville, New York, along with 280 miles of secondary lines in five states. The agreement approved by EOT and the railroads affirms the existing operating agreement on the MBTA owned lines that will be utilized by Pan Am Southern, including the existing approach to liability, and provisions for increases in freight and passenger traffic. The agreement also settles outstanding debt with the MBTA for past freight operations and allows the transfer of property at East Deerfield Yard to Pan Am Southern. The Commonwealth of Massachusetts and the railroads have committed to continue negotiations concerning the expansion of passenger rail service on Pan Am lines, including lines it would transfer to Pan Am Southern and lines it would retain after the transaction.

The Federal Surface Transportation Board still must approve the agreement before the joint venture takes effect.